

November 16, 2010-- Special Joint Meeting & Public Hearing
With Asheboro City Council

The Randolph County Board of Commissioners met in special joint session with the Asheboro City Council at 6:00 p.m. in the Commissioner's Meeting Room. Commissioners Holmes, Frye, Kemp, Lanier and Haywood were present, as well as County Manager Richard Wells; Finance Officer Will Massie; County Attorney Darren Allen; Cheryl Ivey, Clerk to the Board and Amanda Varner, Deputy Clerk to the Board. City of Asheboro attendees were Mayor David Smith; Clark Bell; Eddie Burks; Stuart Fountain; Mike Hunter; Holly Doer, Clerk to the Council; City Attorney Jeff Sugg; and Finance Officer Debbie Reaves. Economic Development representatives present were Bonnie Renfro, EDC President; and Harry Lane, Existing Industries Coordinator; and Laura Wilson, EDC Board Chair.

At 6:00 p.m, Chairman Holmes called the meeting to order for the County.

Mayor David Smith called the meeting to order on behalf of the City and opened the public hearing for the City.

Chairman Holmes opened the public hearing on behalf of the County.

Bonnie Renfro, EDC President, presented information about an economic incentives project that is considering a major expansion of its Asheboro manufacturing operation. She said that four years ago, Malt-O-Meal Cereal Company first announced that they would locate a new manufacturing operation in the former Unilever plant in north Asheboro at 2525 Bank Street. Malt-O-Meal is a privately-owned cereal company based in Minneapolis, Minnesota. Founded in 1919, the Asheboro operation is the company's third production facility and the first in the Eastern US. Today, the company produces more than 25 ready-to-eat cereal products as well as hot cooked oatmeal, and they enjoy growing market share across the United States. The company is committed to a high quality product with a strong focus on food safety and product innovation. The Asheboro operation has been very successful in a relatively short time with full production starting in the first half of 2009. Since 2006, Malt-O-Meal has invested over \$140 million and created 200 new jobs in Randolph County. These actions exceed their commitment to our community of \$104 million and 164 new jobs, pledged when they announced they would locate in Asheboro.

Ms. Renfro reminded the Commissioners that, four years ago, they approved economic incentives for Malt-O-Meal, whom has met and exceeded its commitment two years ahead of schedule. She said that the County's investment has paid great dividends to our citizens in new jobs, income, and increased tax base. In fact, this year, Malt-O-Meal became Randolph County's and Asheboro's largest taxpayer.

Ms. Renfro asked the Board to consider economic incentives for a major expansion of Malt-O-Meal's Asheboro plant. The company is considering additional investment of \$136 million to expand the cereal production facility, construct a new warehouse, and add state-of-the-art production machinery & equipment. She noted that this investment is larger than Malt-O-Meal's initial commitment and the largest single economic development investment opportunity in our county's history. The project would also result in 80 new jobs within two to three years, paying an average weekly wage of \$663. This exceeds our county's current average weekly wage of

\$561 by over \$100 per week. That results in \$2,760,000 in new income for our people every year. The company also provides a full range of benefits to their employees.

Ms. Renfro said that it is expected that hundreds of indirect jobs associated with this project will be created. During the initial construction of the cereal facility, approximately 200 workers were on site each work day for over two and one-half years.

In today's highly competitive marketplace, the company is seeking all available assistance from local and state governments to help offset the site and development costs associated with the project. The company has stated that economic incentives are very important in the overall economics to construct and expand a cereal plant. The project is contingent on approval of incentives by the State of North Carolina and local governments. Ms. Renfro asked for consideration of the following:

1. That the City of Asheboro and the County of Randolph authorize all appropriate resolutions and document preparation to enter into an economic development incentives contract with Malt-O-Meal, as permitted by North Carolina General Statute Section 158-7.1
2. The County of Randolph and the City of Asheboro provide to Malt-O-Meal, a total of \$3,160,000 to assist the company with costs associated with the expansion.
3. We propose that the City of Asheboro provide a total of \$1,580,000 and the County of Randolph provide a total of \$1,580,000, sharing equally in the funding assistance.
4. The funding would be paid in no less than eight annual installments contingent on the company's satisfaction of specific performance requirements for investment and job creation. Those requirements would be formalized in an economic incentives agreement.
5. The Company must deliver to the County and the City written certification that the actual value of investment in real and personal property of the project equals or exceeds the sum of \$136,000,000.
6. The Company must deliver to the City and the County reports evidencing the creation of a minimum of 80 new permanent jobs at an average weekly wage that meets or exceeds \$663.00 per week. Jobs would be created over the first two to three years of the project.
7. The company would agree to remain in operation for a period of years (to be specified in the contract) immediately following the date of the final installment of the incentive payment. If the company does not remain in full operation for five years, a portion of the incentive money must be returned to the City and County.

Ms. Renfro said that, based on the current city and county tax rate, and the company's planned investment of \$136,000,000, the City of Asheboro and the County of Randolph can expect new tax revenues in excess of this incentive over the next 8 years. Equally important, the new location of Malt-O-Meal will create 80 quality jobs for residents, adding more than \$2.75 million annually in new payroll dollars to our community. These quality jobs pay above 110% of our average county wage and offer excellent benefits. With the job loss we have experienced and unemployment at 9.2%, these jobs are very welcome news.

Jack Marcus said that he bought Unilever in 1988 and was very disappointed when the company had to leave Asheboro, but is very glad that Malt-O-Meal decided to relocate here. He said that M-O-M is a well-managed company that means a great deal to this community. He highly supports this project.

Chris Neugent, Malt-O-Meal CEO, spoke in support of the incentives request, saying that from the first moment he was in Asheboro, he noticed how welcoming the community was to M-O-M. Now, after four years here, he understands why people are so proud of their community because he is now a part of the community. He said that the new plant opened on time, on budget and safely, and added that in four years, they have had no recordable injury; safety is M-O-M's highest priority. M-O-M currently employs 200 people, 190 of whom are local hires. They have used over 110 North Carolina companies. They make a great-tasting breakfast cereal at a great price, which is great news in this challenging economy. Mr. Neugent mentioned that he liked the accomplishment of being Randolph County's largest taxpayer, saying that Randolph County is a great place to do business. He thanked everyone for their support.

Laura Wilson, EDC Chairperson, spoke in support of the project, saying that M-O-M has delivered on its promises and continues to be a good neighbor.

Emery Moine said that he was a 20-year employee of Duracell in Lexington when it closed. After two years of unemployment, he was hired by M-O-M. He would like to see additional people employed.

Hearing no further comments, the public hearing was closed.

Commissioner Frye stated that it would take over 700 new houses to generate the same tax revenues as M-O-M, adding that the County and the City are greatly indebted to M-O-M.

Adoption of Resolution Approving Incentive Request

On motion of Frye, seconded by Kemp, the Board voted unanimously to approve the adoption of a resolution to enter into an economic incentives contract with Malt-O-Meal and the City of Asheboro and to authorize legal staff to draft a contract and to authorize the Chairman to sign the contract, as follows:

RESOLUTION AUTHORIZING THE COUNTY OF RANDOLPH TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVES CONTRACT

WHEREAS, Section 158-7.1 of the North Carolina General Statutes authorizes a county to undertake an economic development project by extending assistance to a company in order to cause the company to locate or expand its operations within the county; and

WHEREAS, the Board of Commissioners of Randolph County has held a public hearing to consider whether to participate in an economic development project that will result in the County of Randolph (the "County"), the City of Asheboro (the "City"), and Malt-O-Meal Company (the "Company") approving an economic development incentives package whereby the County and the City each contribute up to one million five hundred eighty thousand dollars (\$1,580,000.00) for a total payment of up to three million one hundred sixty thousand and no/100 dollars (\$3,160,000.00) to or for the benefit of the Company to offset the costs of expanding the food manufacturing plant located at 2525 Bank Street in the City of Asheboro, Randolph County, North Carolina, said incentives to be granted pursuant to an economic development incentives contract entered into pursuant to Section 2 of this resolution; and

WHEREAS, upon the completion by the Company of this expansion project, the Company will have generated new value/investment in real and personal property associated with the project in an amount equal to or in excess of one hundred thirty-six million dollars (\$136,000,000.00) and created a minimum of eighty (80) new full-time jobs in the County and City; and

WHEREAS, this economic development project will stimulate and stabilize the local economy, promote business in the County and City, and result in the creation of a significant number of jobs in the County and City; and

WHEREAS, the County has in its General Fund available revenues sufficient to fund this economic development project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Randolph County, this 16th day of November, 2010, as follows:

Section 1. The County is authorized to expend up to one million five hundred eighty thousand dollars (\$1,580,000.00) of County funds for this Malt-O-Meal economic development project.

Section 2. In addition to the standard terms found in contracts that the County routinely executes in the ordinary course of business, the economic development incentives contract entered into by and between the County, the City, and the Company must contain the following essential terms and conditions:

- a. The total payment made to the "Company" under this contract shall not exceed three million one hundred sixty thousand and no/100 dollars (\$3,160,000.00).
- b. Fifty-percent of the contract amount will be paid by the County, and the other fifty-percent of the contract amount will be paid by the City.
- c. The contract amount will be paid in eight (8) equal installments at a frequency not to exceed one installment per fiscal year (July 1-June 30). The obligation of the County to make any installment payments specified herein shall be conditioned upon the satisfactory completion by the Company of certain performance requirements to be set out in detail in the economic development incentives contract but shall include, at a minimum, the following:
 - i. The Company must deliver to the City and the County written certification that the Company has invested a sum equal to or in excess of one hundred thirty-six million dollars (\$136,000,000.00) in expanding the existing facility located at 2525 Bank Street in Asheboro, North Carolina; and
 - ii. The Company must provide to the County and the City Employment Security Reports evidencing the creation of eighty (80) new full-time jobs.
- d. The contract must provide the County and the City with a means of recouping a portion of the contract amount if the Company fails to maintain its level of operations in the County and City at the same level that existed at the time of the eighth and final installment payment for a period of five (5) years immediately following the date on which the said final installment of the contract amount is paid to the Company.
- e. If the Company does not remain in full operation during this five (5) year period, a portion of the incentive money must be returned. The amount to be returned shall decrease on a pro-rated amount for each year that the company remains in the City and County. Any amounts returned by the company in this manner shall be divided equally between the County and the City.

Section 3. The Associate County Attorney is hereby authorized to negotiate and draft a comprehensive economic development incentives contract with the City and the Company consistent with this resolution and previous economic development contracts concerning the Company. Said contract shall be presented to the governing boards of the County and the City for final approval.

City of Asheboro Approval of Incentive Request

The City of Asheboro also voted unanimously to approve the incentive request.

Recess

There being no further business, the meeting recessed at 6:26 p.m.

Meeting Resumed

At 6:35 p.m., the Randolph County Board of Commissioners reconvened.

Closed Session

At 6:35 p.m., on motion of Frye, seconded by Haywood, the Board voted unanimously to go into closed session to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee, pursuant to N.C.G.S. 143-318.11(a)(6).

Regular Session Resumed

At 6:50 p.m., the Board returned to regular session.

Adjournment

At 6:50 p.m., on motion of Frye, seconded by Kemp, the Board voted unanimously to adjourn.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Arnold Lanier

Stan Haywood

Cheryl A. Ivey, Clerk to the Board